

# Financial Report for the Fiscal Year ended March 31, 2017 (Consolidated)

May 15, 2017

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company... Taikisha Ltd.

Stock Exchange..... First Section of Tokyo Stock Exchange

Code..... 1979

Representative..... Toshiaki Shiba, President and Representative Director

Contact..... Masanori Nakagawa, Managing Corporate Officer, Administrative Management Headquarters

Chief Executive

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Scheduled date for annual general meeting of shareholders : June 29, 2017

Scheduled date to commence dividends payments : June 30, 2017

Scheduled date to submit securities report : June 29, 2017

Supplemental materials prepared for financial results : Yes

Briefing session of financial results : Yes (for institutional investors and analysts)

(Round down to one million yen)

## 1. Consolidated Operating Performance (April 1, 2016 through March 31, 2017)

### (1) Consolidated operating results

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2017	200,604	(5.6)	8,473	(33.5)	9,842	(20.3)	6,305	(11.0)
March 31, 2016	212,424	15.7	12,734	46.9	12,343	28.9	7,084	16.4

(Note) Comprehensive income Year ended March 31, 2017 8,174 million yen 669.0 %  
Year ended March 31, 2016 1,063 million yen (92.6) %

	Basic earnings per share	Diluted earning per share	Ratio of Profit to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
Year ended	yen	yen	%	%	%
March 31, 2017	183.16	—	6.8	5.1	4.2
March 31, 2016	204.35	—	7.6	6.5	6.0

(Note) Equity in earnings of affiliates Year ended March 31, 2017 31 million yen  
Year ended March 31, 2016 18 million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2017	199,024	100,184	48.1	2,799.30
March 31, 2016	189,566	95,921	48.0	2,633.60

(Note) Shareholders' Equity As of March 31, 2017 95,753 million yen  
As of March 31, 2016 91,024 million yen

### (3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and cash equivalents at the end of period
Year ended	million yen	million yen	million yen	million yen
March 31, 2017	6,679	(6,505)	(5,286)	31,672
March 31, 2016	7,301	(328)	(7,409)	38,369

## 2. Dividends

	Dividends per share					Dividends Paid (Total)	Dividends Payout Ratio (Consolidated)	Ratio of Dividends to Net Asset Ratio (Consolidated)
	1Q	2Q	3Q	Year End	Total (annually)			
Year ended	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2016	—	25.00	—	42.00	67.00	2,315	32.8	2.5
March 31, 2017	—	25.00	—	45.00	70.00	2,403	38.2	2.6
Year ending March 31, 2018 (Forecast)	—	25.00	—	48.00	73.00		35.4	

### 3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2018 (April 1, 2017 through March 31, 2018)

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent	Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	yen
Half year	98,200	16.6	3,600	18.9	4,000	7.1	2,500 (6.2)	72.62
Full year	213,200	6.3	11,700	38.1	12,300	25.0	7,100 12.6	206.24

#### 4. Others

- (1) Changes in significant subsidiaries during the period  
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
  - (i) Changes in accounting policies due to revisions of accounting standards etc. : Yes
  - (ii) Changes in accounting policies other than (i) : None
  - (iii) Changes in accounting estimates : None
  - (iv) Restatements : None
- (3) Number of shares issued (common shares)
  - (i) Number of shares issued at end of period (including treasury shares)
 

As of March 31, 2017	36,782,009 shares
As of March 31, 2016	36,782,009 shares
  - (ii) Number of treasury shares at end of period
 

As of March 31, 2017	2,575,841 shares
As of March 31, 2016	2,219,061 shares
  - (iii) Average number of shares during the period
 

Year ended March 31, 2017	34,425,718 shares
Year ended March 31, 2016	34,667,838 shares

#### (Reference) Summary of Non-Consolidated Operating Performance

##### 1. Non-Consolidated Operating Performance (April 1, 2016 through March 31, 2017)

###### (1) Non-Consolidated operating result

(% indicates increase ratio over previous year)

	Sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2017	105,378	(1.8)	6,697	64.6	9,993	38.4	7,251	46.5
March 31, 2016	107,269	15.0	4,069	62.1	7,222	16.0	4,949	(3.2)

  

	Basic earnings per share	Diluted earning per share
	yen	yen
Year ended March 31, 2017	210.63	—
March 31, 2016	142.75	—

###### (2) Non-Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2017	128,707	79,098	61.5	2,312.41
March 31, 2016	120,553	73,102	60.6	2,115.05

(Note) Shareholders' Equity  
 As of March 31, 2017 79,098 million yen  
 As of March 31, 2016 73,102 million yen

##### 2. Non-Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2018 (April 1, 2017 through March 31, 2018)

(% indicates increase ratio over previous year)

	Sales		Ordinary income		Profit	Basic earnings per share
	million yen	%	million yen	%	million yen	yen
Half year	49,900	8.7	3,500 (20.2)		2,500 (18.9)	72.62
Full year	111,100	5.4	9,700 (2.9)		6,700 (7.6)	194.62

※ This financial report is not subject to audit procedures.

※ Explanation about the proper use of consolidated forecasts and other notes

The data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

# 1 Consolidated Financial Statements

## (1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	44,001	42,263
Notes receivable, accounts receivable from completed construction contracts and other	92,718	100,983
Securities	13	10
Costs on uncompleted construction contracts	1,907	1,951
Raw materials and supplies	283	265
Deferred tax assets	1,993	1,702
Other	8,205	6,191
Allowance for doubtful accounts	(433)	(461)
Total current assets	148,690	152,907
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,361	7,448
Machinery, vehicles, tools, furniture and fixtures	7,893	8,373
Land	2,075	2,073
Other	482	322
Accumulated depreciation	(10,063)	(10,584)
Total property, plant and equipment	7,750	7,633
Intangible assets		
Goodwill	3,024	2,668
Other	1,512	2,434
Total intangible assets	4,536	5,103
Investments and other assets		
Investment securities	22,469	25,629
Deferred tax assets	508	872
Net defined benefit asset	3,203	4,984
Other	2,440	1,906
Allowance for doubtful accounts	(32)	(13)
Total investments and other assets	28,589	33,380
Total non-current assets	40,876	46,116
Total assets	189,566	199,024

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	49,214	55,287
Short-term loans payable	5,261	4,015
Income taxes payable	2,045	1,462
Deferred tax liabilities	53	17
Advances received on uncompleted construction contracts	15,905	15,543
Provision for warranties for completed construction	1,346	973
Provision for loss on construction contracts	190	790
Provision for directors' bonuses	129	101
Reserve for loss on dissolution of employees' pension fund	247	—
Other	9,100	10,416
Total current liabilities	83,493	88,608
Non-current liabilities		
Long-term loans payable	1,383	986
Deferred tax liabilities	5,871	7,285
Provision for directors' retirement benefits	106	50
Net defined benefit liability	1,646	1,492
Other	1,143	416
Total non-current liabilities	10,152	10,231
Total liabilities	93,645	98,839
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus	7,344	7,305
Retained earnings	73,943	77,945
Treasury shares	(5,127)	(6,128)
Total shareholders' equity	82,615	85,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,908	9,969
Deferred gains or losses on hedges	7	(111)
Foreign currency translation adjustment	1,528	349
Accumulated remeasurements of defined benefit plans	(1,036)	(31)
Total accumulated other comprehensive income	8,409	10,175
Non-controlling interests	4,896	4,431
Total net assets	95,921	100,184
Total liabilities and net assets	189,566	199,024

(2) Consolidated Income Statements and Consolidated Statements of Comprehensive Income  
Consolidated Income Statements

	Millions of yen	
	Year ended March 31, 2016 Apr. 1, 2015 - Mar. 31, 2016	Year ended March 31, 2017 Apr. 1, 2016 - Mar. 31, 2017
Net sales of completed construction contracts	212,424	200,604
Cost of sales of completed construction contracts	179,854	172,447
Gross profit on completed construction contracts	32,570	28,157
Selling, general and administrative expenses		
Directors' compensations	812	806
Employees' salaries and allowances	8,150	7,824
Provision for directors' bonuses	129	101
Retirement benefit expenses	384	607
Provision for directors' retirement benefits	17	15
Correspondence and transportation expenses	1,277	1,159
Provision of allowance for doubtful accounts	(71)	162
Rents	1,436	1,388
Depreciation	1,105	1,070
Amortization of goodwill	192	174
Other	6,401	6,370
Total selling, general and administrative expenses	19,836	19,683
Operating income	12,734	8,473
Non-operating income		
Interest income	648	552
Dividend income	446	466
Dividend income of insurance	138	133
Real estate rent	104	102
Foreign exchange gains	—	199
Reversal of allowance for doubtful accounts	—	2
Share of profit of entities accounted for using equity method	18	31
Other	248	261
Total non-operating income	1,605	1,750
Non-operating expenses		
Interest expenses	189	175
Sales discounts	45	62
Rent expenses on real estates	20	20
Foreign exchange losses	1,656	—
Provision of allowance for doubtful accounts	2	—
Other	82	123
Total non-operating expenses	1,996	381
Ordinary income	12,343	9,842

	Millions of yen	
	Year ended	Year ended
	March 31, 2016	March 31, 2017
	Apr. 1, 2015 - Mar. 31, 2016	Apr. 1, 2016 - Mar. 31, 2017
Extraordinary income		
Gain on disposal of non-current assets	11	20
Gain on sales of investment securities	60	25
Gain on liquidation of subsidiaries and associates	27	—
Reversal of provision for loss on Anti-Monopoly Act	87	—
Reversal of reserve for loss on dissolution of employees' pension fund	4	9
Surrender value of insurance	0	3
Total extraordinary income	191	59
Extraordinary loss		
Loss on disposal of non-current assets	17	18
Impairment loss	0	2
Loss on sales of investment securities	0	141
Loss on valuation of investment securities	0	19
Loss on insurance cancellation	—	16
Total extraordinary losses	18	199
Income before income taxes and non-controlling interests	12,516	9,702
Income taxes-current	4,149	3,078
Income taxes-deferred	127	(45)
Total income taxes	4,276	3,032
Profit	8,239	6,669
Profit attributable to non-controlling interests	1,154	364
Profit attributable to owners of parent	7,084	6,305

# Consolidated Statements of Comprehensive Income

	Millions of yen	
	Year ended March 31, 2016 Apr. 1, 2015 - Mar. 31, 2016	Year ended March 31, 2017 Apr. 1, 2016 - Mar. 31, 2017
Profit	8,239	6,669
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,668)	2,060
Deferred gains or losses on hedges	13	(225)
Foreign currency translation adjustment	(2,646)	(1,289)
Remeasurements of defined benefit plans	(1,834)	1,021
Share of other comprehensive income of entities accounted for using equity method	(39)	(62)
Total other comprehensive income	(7,175)	1,504
Comprehensive income	1,063	8,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	393	8,071
Comprehensive income attributable to non-controlling interests	670	102

### (3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,455	7,344	68,851	(2,919)	79,731
Cumulative effects of changes in accounting policies					—
Restated balance	6,455	7,344	68,851	(2,919)	79,731
Changes of items during the period					
Dividends of surplus			(1,991)		(1,991)
Profit attributable to owners of parent			7,084		7,084
Purchase of treasury shares				(2,208)	(2,208)
Purchase of shares of consolidated subsidiaries					—
Sales of shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,092	(2,208)	2,883
Balance at the end of current period	6,455	7,344	73,943	(5,127)	82,615

Millions of yen

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	10,577	(5)	3,742	786	15,100	4,837	99,669
Cumulative effects of changes in accounting policies							—
Restated balance	10,577	(5)	3,742	786	15,100	4,837	99,669
Changes of items during the period							
Dividends of surplus							(1,991)
Profit attributable to owners of parent							7,084
Purchase of treasury shares							(2,208)
Purchase of shares of consolidated subsidiaries							—
Sales of shares of consolidated subsidiaries							—
Net changes of items other than shareholders' equity	(2,668)	13	(2,213)	(1,822)	(6,691)	58	(6,632)
Total changes of items during the period	(2,668)	13	(2,213)	(1,822)	(6,691)	58	(3,748)
Balance at the end of current period	7,908	7	1,528	(1,036)	8,409	4,896	95,921



Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	6,455	7,344	73,943	(5,127)	82,615
Cumulative effects of changes in accounting policies			11		11
Restated balance	6,455	7,344	73,955	(5,127)	82,627
Changes of items during the period					
Dividends of surplus			(2,315)		(2,315)
Profit attributable to owners of parent			6,305		6,305
Purchase of treasury shares				(1,000)	(1,000)
Purchase of shares of consolidated subsidiaries		(39)			(39)
Sales of shares of consolidated subsidiaries		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(39)	3,989	(1,000)	2,949
Balance at the end of current period	6,455	7,305	77,945	(6,128)	85,577

Millions of yen

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	7,908	7	1,528	(1,036)	8,409	4,896	95,921
Cumulative effects of changes in accounting policies						0	12
Restated balance	7,908	7	1,528	(1,036)	8,409	4,897	95,934
Changes of items during the period							
Dividends of surplus							(2,315)
Profit attributable to owners of parent							6,305
Purchase of treasury shares							(1,000)
Purchase of shares of consolidated subsidiaries							(39)
Sales of shares of consolidated subsidiaries							(0)
Net changes of items other than shareholders' equity	2,060	(119)	(1,179)	1,005	1,766	(466)	1,300
Total changes of items during the period	2,060	(119)	(1,179)	1,005	1,766	(466)	4,250
Balance at the end of current period	9,969	(111)	349	(31)	10,175	4,431	100,184

## (4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended	Year ended
	March 31, 2016	March 31, 2017
	Apr. 1, 2015 - Mar. 31, 2016	Apr. 1, 2016 - Mar. 31, 2017
Cash flows from operating activities		
Income before income taxes and non-controlling interests	12,516	9,702
Depreciation and amortization	1,348	1,290
Amortization of goodwill	192	174
Increase (decrease) in allowance for doubtful accounts	(187)	36
Increase (decrease) in provision for warranties for completed construction	683	(311)
Increase (decrease) in provision for loss on construction contracts	(99)	581
Increase (decrease) in provision for loss on Anti-Monopoly Act	(207)	—
Increase (decrease) in provision of reserve for loss on dissolution of employees' pension fund	(4)	(247)
Increase (decrease) in provision for directors' retirement benefits	17	(56)
Increase (decrease) in net defined benefit asset and liability	(889)	(450)
Interest and dividends income	(1,095)	(1,018)
Interest expenses	189	175
Share of (profit) loss of entities accounted for using equity method	3	(26)
Loss (gain) on disposal of non-current assets	5	(1)
Loss (gain) on sales of investment securities	(60)	116
Loss (gain) on valuation of investment securities	0	19
Decrease (increase) in notes and accounts receivable-trade	(16,604)	(9,727)
Decrease (increase) in inventories	1,067	(120)
Decrease (increase) in advances paid	0	134
Decrease (increase) in non-operating notes receivable	(4)	4
Decrease (increase) in accounts receivable-other	(189)	11
Increase (decrease) in notes and accounts payable-trade	5,271	7,240
Increase (decrease) in advances received on uncompleted construction contracts	5,480	414
Increase (decrease) in non-operating notes payable	(19)	—
Increase (decrease) in accrued consumption taxes	403	1,203
Increase (decrease) in deposits received	31	66
Increase (decrease) in accrued expenses	(35)	(186)
Other, net	2,003	1,855
Subtotal	9,818	10,881
Interest and dividends income received	1,095	1,026
Interest expenses paid	(189)	(176)
Income taxes paid	(3,422)	(5,051)
Net cash provided by (used in) operating activities	7,301	6,679

	Millions of yen	
	Year ended	Year ended
	March 31, 2016 Apr. 1, 2015 - Mar. 31, 2016	March 31, 2017 Apr. 1, 2016 - Mar. 31, 2017
Cash flows from investing activities		
Payments into time deposits	(11,068)	(13,616)
Proceeds from withdrawal of time deposits	10,336	8,864
Purchase of securities	(4,000)	—
Proceeds from redemption of securities	6,500	—
Purchase of property, plant and equipment and intangible assets	(1,941)	(1,807)
Proceeds from sales of property, plant and equipment and intangible assets	33	53
Purchase of investment securities	(500)	(531)
Proceeds from sales of investment securities	203	234
Payments of long-term loans receivable	(64)	(54)
Collection of long-term loans receivable	64	40
Purchase of insurance funds	(3)	(0)
Proceeds from maturity of insurance funds	1	327
Purchase of long-term prepaid expenses	(45)	(34)
Other, net	155	17
Net cash provided by (used in) investing activities	(328)	(6,505)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,245)	(4)
Proceeds from long-term loans payable	4,743	473
Repayment of long-term loans payable	(3,465)	(1,779)
Repayments of lease obligations	(34)	(50)
Net decrease (increase) in treasury shares	(2,208)	(1,000)
Cash dividends paid	(1,990)	(2,317)
Cash dividends paid to non-controlling interests	(200)	(448)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	0
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8)	(158)
Net cash provided by (used in) financing activities	(7,409)	(5,286)
Effect of exchange rate change on cash and cash equivalents	(1,700)	(1,584)
Net increase (decrease) in cash and cash equivalents	(2,135)	(6,697)
Cash and cash equivalents at beginning of period	40,505	38,369
Cash and cash equivalents at end of period	38,369	31,672

## (Segment information)

## 1. Sales, profits or losses, assets, liabilities and other items by reportable segments

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	134,822	77,602	212,424	—	212,424
Intersegment	2	133	135	(135)	—
Total	134,824	77,735	212,560	(135)	212,424
Segment profit	8,950	3,524	12,475	(132)	12,343
Segment assets	87,472	65,430	152,902	36,663	189,566
Other items					
Depreciation expenses	448	899	1,348	0	1,348
Amortization of goodwill	—	192	192	—	192
Interest income	181	466	647	1	648
Interest expenses	30	149	179	9	189
Equity in earnings of affiliates	—	18	18	—	18
Investments in associates accounted for using the equity method	—	727	727	—	727
Increase in tangible and intangible assets	151	1,024	1,176	745	1,921

(Note) 1. The amount of Eliminations/ Corporate is as follows:

(1) Eliminations/ Corporate of Segment profit of minus 132 million yen includes non-allocatable common profits (net amount of common profit and loss) of minus 136 million yen and other adjustment of 4 million yen.

Non-allocatable common costs are mainly general administrative expense, dividends income etc. those are not attributed to any reportable segments.

(2) Eliminations/ Corporate of Segment assets of 36,663 million yen are elimination of receivable and payable etc. of minus 2,739 million yen and non-allocatable common assets those are not allocated to any segments of 39,403 million yen.

Non-allocatable common assets are mainly cash and deposit, property, plant and equipment, investment securities and net defined benefit asset etc. those are not attributed to any reportable segments.

(3) Eliminations/ Corporate of increase in tangible and intangible assets of 745 million yen are building and structure, machinery, equipment, vehicles, tools, furniture and fixtures and software etc. those are not attributed to any reportable segments.

(4) The allocation method of assets for reportable segments is different from that of related sales and expenses.

2. Segment profit is adjusted in the ordinary income of the consolidated income statement.

Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Sales					
Sales to customers	124,561	76,043	200,604	—	200,604
Intersegment	3	42	45	(45)	—
Total	124,565	76,085	200,650	(45)	200,604
Segment profit (loss)	9,981	(115)	9,865	(23)	9,842
Segment assets	88,426	74,878	163,304	35,719	199,024
Other items					
Depreciation expenses	422	872	1,295	(4)	1,290
Amortization of goodwill	—	174	174	—	174
Interest income	150	406	556	(4)	552
Interest expenses	12	147	160	15	175
Equity in earnings of affiliates	—	31	31	—	31
Investments in associates accounted for using the equity method	—	691	691	—	691
Increase in tangible and intangible assets	149	809	959	1,353	2,312

(Note) 1. The amount of Eliminations/ Corporate is as follows:

(1) Eliminations/ Corporate of Segment profit (loss) of minus 23 million yen includes non-allocatable common profits (net amount of common profit and loss) of minus 22 million yen and other adjustment of minus 0 million yen.

Non-allocatable common costs are mainly general administrative expense, dividends income etc. those are not attributed to any reportable segments.

(2) Eliminations/ Corporate of Segment assets of 35,719 million yen are elimination of receivable and payable etc. of minus 2,457 million yen and non-allocatable common assets those are not allocated to any segments of 38,176 million yen.

Non-allocatable common assets are mainly cash and deposit, property, plant and equipment, investment securities and net defined benefit asset etc. those are not attributed to any reportable segments.

(3) Eliminations/ Corporate of increase in tangible and intangible assets of 1,353 million yen are building and structure, machinery, equipment, vehicles, tools, furniture and fixtures and software etc. those are not attributed to any reportable segments.

(4) The allocation method of assets for reportable segments is different from that of related sales and expenses.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

(Change in reportable segments etc.)

In line with a revision of tax regulations, Taikisha Ltd. and its domestic subsidiaries ("the Companies") have applied the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Practical Issues Task Force No 32, June 17, 2016) from the consolidated fiscal year ending March 31, 2017 and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

Therefore, the Companies have changed the depreciation method of business segments in the same way.

The effect of this change on segment profit (loss) for the consolidated fiscal year ending March 31, 2017 is immaterial.

## 2. Sales by regions

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
94,543	11,542	34,197	21,691	23,060	1,437	8,563	17,389	212,424

Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

Millions of yen

Japan	North America	South East Asia		East Asia		India	Other	Total
		Thailand	Other South East Asia	China	Other East Asia			
101,784	28,946	20,659	17,521	15,260	1,387	6,582	8,462	200,604

## 3. Property, plant and equipment

As of March 31, 2016

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
2,939	405	300	1,061	1,965	850	226	7,750

As of March 31, 2017

Millions of yen

Japan	Thailand	Indonesia	China	India	Italy	Other	Total
2,997	367	273	873	2,020	853	246	7,633

## 4. Impairment loss of the non-current assets by reportable segments

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	—	—	—	0	0

(Note) Eliminations/ Corporate is generated from impairment loss of idle assets.

Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Impairment loss	0	—	0	2	2

(Note) Eliminations/ Corporate is generated from impairment loss of expected to be removed assets and idle assets.

## 5. Amortization of goodwill and the unamortized balance by reportable segments

As of March 31, 2016

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2016	—	3,024	3,024	—	3,024

(Note) Amortization of goodwill is omitted because this information is already disclosed in "Sales and profits or losses by reportable segments".

As of March 31, 2017

Millions of yen

	Reportable segments			Eliminations/ Corporate	Consolidated
	Green Technology System Division	Paint Finishing System Division	Total		
Balance as of March 31, 2017	—	2,668	2,668	—	2,668

(Note) Amortization of goodwill is omitted because this information is already disclosed in "Sales and profits or losses by reportable segments".

## 2 Non-consolidated Financial Statements

### (1) Balance Sheets (Non-consolidated)

Millions of yen

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	8,825	13,076
Notes receivable-trade	730	814
Electronically recorded monetary claims	860	3,236
Accounts receivable from completed construction contracts	63,695	61,526
Costs on uncompleted construction contracts	394	364
Raw materials and supplies	128	122
Prepaid expenses	284	297
Deferred tax assets	1,576	1,179
Accounts receivable-other	1,757	1,389
Other	715	705
Total current assets	78,968	82,711
Non-current assets		
Property, plant and equipment		
Buildings	4,590	4,660
Accumulated depreciation	(3,422)	(3,504)
Buildings, net	1,167	1,155
Structures	161	160
Accumulated depreciation	(145)	(147)
Structures, net	15	13
Machinery and equipment	635	639
Accumulated depreciation	(593)	(604)
Machinery and equipment, net	41	35
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	0	0
Tools, furniture and fixtures	798	840
Accumulated depreciation	(641)	(667)
Tools, furniture and fixtures, net	156	173
Land	1,437	1,437
Lease assets	61	12
Accumulated depreciation	(49)	(8)
Lease assets, net	12	3
Construction in progress	—	41
Total property, plant and equipment	2,831	2,860
Intangible assets		
Leasehold right	0	0
Software	1,148	2,110
Other	8	0
Total intangible assets	1,157	2,111

	As of March 31, 2016	As of March 31, 2017
Investments and other assets		
Investment securities	21,730	24,900
Shares of subsidiaries and associates	9,769	9,928
Investments in capital	0	0
Long-term loans receivable	0	0
Long-term loans receivable from employees	19	3
Lease and guarantee deposits	1,243	1,263
Long-term prepaid expenses	182	141
Prepaid pension cost	4,311	4,787
Insurance funds	340	—
Claims provable in bankruptcy, claims provable in rehabilitation and other	4	2
Other	3	3
Allowance for doubtful accounts	(11)	(8)
Total investments and other assets	37,594	41,023
Total non-current assets	41,584	45,995
Total assets	120,553	128,707
Liabilities		
Current liabilities		
Notes payable-trade	6,279	6,291
Electronically recorded obligations - operating	13,316	11,879
Accounts payable for construction contracts	11,027	13,489
Short-term loans payable	2,242	2,398
Lease obligations	9	2
Accounts payable-other	4,578	4,123
Accrued expenses	524	445
Income taxes payable	1,524	910
Advances received on uncompleted construction contracts	912	1,804
Deposits received	163	233
Unearned revenue	6	7
Provision for warranties for completed construction	401	395
Provision for loss on construction contracts	60	146
Provision for directors' bonuses	119	93
Reserve for loss on dissolution of employees' pension fund	224	—
Other	655	1,672
Total current liabilities	42,046	43,892
Non-current liabilities		
Long-term loans payable	100	96
Lease obligations	2	—
Deferred tax liabilities	4,302	5,378
Provision for retirement benefits	97	130
Other	900	112
Total non-current liabilities	5,404	5,716
Total liabilities	47,450	49,609



	As of March 31, 2016	As of March 31, 2017
Net assets		
Shareholders' equity		
Capital stock	6,455	6,455
Capital surplus		
Legal capital surplus	7,297	7,297
Other capital surplus	47	47
Total capital surpluses	7,344	7,344
Retained earnings		
Legal retained earnings	1,613	1,613
Other retained earnings		
Reserve for reduction entry	0	0
Reserve for investment on information technology	2,000	2,200
General reserve	35,720	35,720
Retained earnings brought forward	17,186	21,921
Total retained earnings	56,519	61,455
Treasury shares	(5,127)	(6,128)
Total shareholders' equity	65,191	69,126
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,908	9,969
Deferred gains or losses on hedges	1	3
Total valuation and translation adjustments	7,910	9,972
Total net assets	73,102	79,098
Total liabilities and net assets	120,553	128,707

## (2) Income Statements (Non-consolidated)

	Millions of yen	
	Year ended March 31, 2016 Apr. 1, 2015 - Mar. 31, 2016	Year ended March 31, 2017 Apr. 1, 2016 - Mar. 31, 2017
Net sales of completed construction contracts	107,269	105,378
Cost of sales of completed construction contracts	91,551	86,894
Gross profit on completed construction contracts	15,718	18,483
Selling, general and administrative expenses		
Directors' compensations	347	396
Employees' salaries and allowances	5,613	5,379
Provision for directors' bonuses	119	93
Retirement benefit expenses	179	443
Legal welfare expenses	861	821
Welfare expenses	350	355
Repair and maintenance	162	182
Stationery expenses	474	493
Correspondence and transportation expenses	660	619
Power utilities expenses	63	56
Research study expenses	251	253
Advertising expenses	72	89
Entertainment expenses	109	109
Contribution	8	12
Rents	756	805
Depreciation	350	344
Taxes and dues	263	396
Insurance expenses	17	16
Miscellaneous expenses	986	917
Total selling, general and administrative expenses	11,648	11,786
Operating income	4,069	6,697
Non-operating income		
Interest income	1	1
Interest on securities	4	0
Dividends income	1,528	1,769
Dividends income of insurance	138	133
Real estate rent	173	169
Technical advisory fee	1,581	1,540
Reversal of allowance for doubtful accounts	—	2
Other	47	43
Total non-operating income	3,476	3,661
Non-operating expenses		
Interest expenses	14	21
Sales discounts	45	62
Rent expenses on real estates	49	48
Foreign exchange losses	179	208
Provision of allowance for doubtful accounts	1	—
Other	32	24
Total non-operating expenses	323	365
Ordinary income	7,222	9,993

	Millions of yen	
	Year ended	Year ended
	March 31, 2016	March 31, 2017
	Apr. 1, 2015 - Mar. 31, 2016	Apr. 1, 2016 - Mar. 31, 2017
Extraordinary income		
Gain on disposal of non-current assets	0	—
Gain on sales of investment securities	60	19
Reversal of allowance for doubtful accounts for subsidiaries and associates	4	—
Reversal of provision for loss on Anti-Monopoly Act	87	—
Reversal of reserve for loss on dissolution of employees' pension fund	3	9
Surrender value of insurance	0	3
Total extraordinary income	157	32
Extraordinary loss		
Loss on disposal of non-current assets	13	8
Impairment loss	0	2
Loss on sales of investment securities	0	141
Loss on valuation of investment securities	0	19
Loss on sales of shares of subsidiaries and associates	—	0
Loss on valuation of shares of subsidiaries and associates	223	—
Loss on insurance cancellation	—	16
Total extraordinary losses	237	188
Income before income taxes	7,142	9,837
Income taxes-current	2,301	2,086
Income taxes-deferred	(108)	500
Total income taxes	2,193	2,586
Profit	4,949	7,251

### (3) Statements of Changes in Net Assets (Non-consolidated)

Year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

Millions of yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry	Reserve for investment on information technology	General reserve
Balance at the beginning of current period	6,455	7,297	47	7,344	1,613	0	1,800	35,720
Changes of items during the period								
Reserve of reserve for investment on information technology							200	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	—	—	200	—
Balance at the end of current period	6,455	7,297	47	7,344	1,613	0	2,000	35,720

Millions of yen

	Shareholders' equity				Valuation and translation adjustments			Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Other retained earnings	Total Retained earnings						
	Retained earnings brought forward							
Balance at the beginning of current period	14,429	53,562	(2,919)	64,443	10,577	(5)	10,571	75,014
Changes of items during the period								
Reserve of reserve for investment on information technology	(200)	—		—				—
Dividends of surplus	(1,991)	(1,991)		(1,991)				(1,991)
Profit	4,949	4,949		4,949				4,949
Purchase of treasury shares			(2,208)	(2,208)				(2,208)
Net changes of items other than shareholders' equity					(2,668)	7	(2,661)	(2,661)
Total changes of items during the period	2,757	2,957	(2,208)	748	(2,668)	7	(2,661)	(1,912)
Balance at the end of current period	17,186	56,519	(5,127)	65,191	7,908	1	7,910	73,102

Year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

Millions of yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry	Reserve for investment on information technology	General reserve
Balance at the beginning of current period	6,455	7,297	47	7,344	1,613	0	2,000	35,720
Changes of items during the period								
Reserve of reserve for investment on information technology							200	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	—	—	200	—
Balance at the end of current period	6,455	7,297	47	7,344	1,613	0	2,200	35,720

Millions of yen

	Shareholders' equity				Valuation and translation adjustments			Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Other retained earnings	Total Retained earnings						
	Retained earnings brought forward							
Balance at the beginning of current period	17,186	56,519	(5,127)	65,191	7,908	1	7,910	73,102
Changes of items during the period								
Reserve of reserve for investment on information technology	(200)	—		—				—
Dividends of surplus	(2,315)	(2,315)		(2,315)				(2,315)
Profit	7,251	7,251		7,251				7,251
Purchase of treasury shares			(1,000)	(1,000)				(1,000)
Net changes of items other than shareholders' equity					2,060	1	2,061	2,061
Total changes of items during the period	4,735	4,935	(1,000)	3,934	2,060	1	2,061	5,996
Balance at the end of current period	21,921	61,455	(6,128)	69,126	9,969	3	9,972	79,098

## (Supplementary information)

## 1. Statement for orders-received, net sales of completed construction contracts, and construction carried forward by each division (consolidated)

Millions of yen

	Year ended March 31, 2016 (Apr. 1, 2015 - Mar. 31, 2016)		Year ended March 31, 2017 (Apr. 1, 2016 - Mar. 31, 2017)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	43,717	19.7	48,739	22.3	5,022	11.5
Industrial HVAC	88,988	40.1	81,690	37.4	(7,298)	(8.2)
Total	132,706	59.8	130,430	59.7	(2,276)	(1.7)
[Overseas]	[ 42,887 ]	[ 19.3 ]	[ 35,441 ]	[ 16.2 ]	[ (7,446) ]	[ (17.4) ]
Paint Finishing System Division	89,058	40.2	87,893	40.3	(1,165)	(1.3)
[Overseas]	[ 77,541 ]	[ 35.0 ]	[ 74,608 ]	[ 34.2 ]	[ (2,933) ]	[ (3.8) ]
Total	221,764	100.0	218,323	100.0	(3,441)	(1.6)
[Overseas]	[ 120,428 ]	[ 54.3 ]	[ 110,050 ]	[ 50.4 ]	[ (10,378) ]	[ (8.6) ]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	43,608	20.5	43,857	21.9	249	0.6
Industrial HVAC	91,214	43.0	80,704	40.2	(10,510)	(11.5)
Total	134,822	63.5	124,561	62.1	(10,261)	(7.6)
[Overseas]	[ 51,591 ]	[ 24.3 ]	[ 36,635 ]	[ 18.3 ]	[ (14,956) ]	[ (29.0) ]
Paint Finishing System Division	77,602	36.5	76,043	37.9	(1,559)	(2.0)
[Overseas]	[ 66,290 ]	[ 31.2 ]	[ 62,185 ]	[ 31.0 ]	[ (4,105) ]	[ (6.2) ]
Total	212,424	100.0	200,604	100.0	(11,820)	(5.6)
[Overseas]	[ 117,881 ]	[ 55.5 ]	[ 98,820 ]	[ 49.3 ]	[ (19,061) ]	[ (16.2) ]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	49,590	30.9	54,472	32.1	4,882	9.8
Industrial HVAC	41,681	25.9	40,103	23.7	(1,578)	(3.8)
Total	91,271	56.8	94,575	55.8	3,304	3.6
[Overseas]	[ 22,648 ]	[ 14.1 ]	[ 18,890 ]	[ 11.1 ]	[ (3,758) ]	[ (16.6) ]
Paint Finishing System Division	69,363	43.2	74,918	44.2	5,555	8.0
[Overseas]	[ 62,177 ]	[ 38.7 ]	[ 68,304 ]	[ 40.3 ]	[ 6,127 ]	[ 9.9 ]
Total	160,635	100.0	169,494	100.0	8,859	5.5
[Overseas]	[ 84,826 ]	[ 52.8 ]	[ 87,195 ]	[ 51.4 ]	[ 2,369 ]	[ 2.8 ]

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and carried forward are the transacted amount with external customers.

2. In the previous consolidated fiscal year, there is 2 million yen difference between net sales of completed construction contracts of 134,822 million yen and total sales of 134,824 million yen in the segment information by the Green Technology System Division.

There is 133 million yen difference between net sales of completed construction contracts of 77,602 million yen and total sales of 77,735 yen in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

3. In the consolidated fiscal year, there is 3 million yen difference between net sales of completed construction contracts of 124,561 million yen and total sales of 124,565 million yen in the segment information by the Green Technology System Division.

There is 42 million yen difference between net sales of completed construction contracts of 76,043 million yen and total sales of 76,085 million yen in the segment information by Paint Finishing System Division.

Above differences are due to intersegment sales.

4. Regarding foreign exchange translation of contracts brought forward from previous year in foreign subsidiaries, fluctuation amount because of foreign exchange is adjusted in the beginning balance of construction contracts brought forward.

Beginning balance of construction contracts brought forward after adjustment in the fiscal year is as follows.

Green Technology System Division

HVAC for buildings	49,590 million yen		
Industrial HVAC	39,117 million yen	[ overseas	20,083 million yen]
Sub total	88,707 million yen	[ overseas	20,083 million yen]
Paint Finishing System Division	63,067 million yen	[ overseas	55,881 million yen]
Total	151,775 million yen	[ overseas	75,965 million yen]

2. Statement for orders-received, net sales of completed construction contracts, and construction carried forward by each division (Non-consolidated)

Millions of yen

	Year ended March 31, 2016 (Apr. 1, 2015 - Mar. 31, 2016)		Year ended March 31, 2017 (Apr. 1, 2016 - Mar. 31, 2017)		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Orders-received						
Green Technology System Division						
HVAC for buildings	41,611	37.2	46,149	41.1	4,538	10.9
Industrial HVAC	46,416	41.5	46,676	41.6	260	0.6
Total	88,027	78.7	92,826	82.7	4,799	5.5
[Overseas]	[ 445 ]	[ 0.4 ]	[ 496 ]	[ 0.5 ]	[ 51 ]	[ 11.5 ]
Paint Finishing System Division	23,765	21.3	19,395	17.3	(4,370)	(18.4)
[Overseas]	[ 14,412 ]	[ 12.9 ]	[ 7,666 ]	[ 6.8 ]	[ (6,746) ]	[ (46.8) ]
Total	111,793	100.0	112,222	100.0	429	0.4
[Overseas]	[ 14,858 ]	[ 13.3 ]	[ 8,163 ]	[ 7.3 ]	[ (6,695) ]	[ (45.1) ]
Net sales of completed construction contracts						
Green Technology System Division						
HVAC for buildings	41,420	38.6	41,490	39.4	70	0.2
Industrial HVAC	39,968	37.3	44,447	42.2	4,479	11.2
Total	81,389	75.9	85,938	81.6	4,549	5.6
[Overseas]	[ 445 ]	[ 0.4 ]	[ 477 ]	[ 0.4 ]	[ 32 ]	[ 7.2 ]
Paint Finishing System Division	25,880	24.1	19,439	18.4	(6,441)	(24.9)
[Overseas]	[ 16,562 ]	[ 15.5 ]	[ 7,432 ]	[ 7.1 ]	[ (9,130) ]	[ (55.1) ]
Total	107,269	100.0	105,378	100.0	(1,891)	(1.8)
[Overseas]	[ 17,007 ]	[ 15.9 ]	[ 7,909 ]	[ 7.5 ]	[ (9,098) ]	[ (53.5) ]
Construction carried forward						
Green Technology System Division						
HVAC for buildings	49,343	62.1	54,002	62.6	4,659	9.4
Industrial HVAC	19,019	23.9	21,248	24.6	2,229	11.7
Total	68,363	86.0	75,251	87.2	6,888	10.1
[Overseas]	[ 22 ]	[ 0.0 ]	[ 41 ]	[ 0.0 ]	[ 19 ]	[ 86.4 ]
Paint Finishing System Division	11,138	14.0	11,094	12.8	(44)	(0.4)
[Overseas]	[ 4,480 ]	[ 5.7 ]	[ 4,714 ]	[ 5.5 ]	[ 234 ]	[ 5.2 ]
Total	79,501	100.0	86,345	100.0	6,844	8.6
[Overseas]	[ 4,502 ]	[ 5.7 ]	[ 4,755 ]	[ 5.5 ]	[ 253 ]	[ 5.6 ]